

VZCZCXYZ0005  
OO RUEHWEB

DE RUEHPO #0034/01 0301926  
ZNR UUUUU ZZH  
O 301926Z JAN 08  
FM AMEMBASSY PARAMARIBO  
TO RUEATRS/DEPT OF TREASURY WASHDC IMMEDIATE  
RUEHRC/DEPT OF AGRICULTURE WASHDC IMMEDIATE  
RUEHC/SECSTATE WASHDC IMMEDIATE 9935

UNCLAS PARAMARIBO 000034

SIPDIS

SENSITIVE  
SIPDIS

WHA/CAR JACKIE ROSHOLT  
USDA/CREDIT PROGRAMS DIVISION FOR MARK ROWSE AND JONATHAN  
DOSTER  
EEB/IFD/OMA FOR MARLENE SAKAUE AND DAVID FREUDENWALD  
STATE EEB PLEASE PASS TO TREASURY

E.O. 12958: N/A  
TAGS: [EFIN](#) [ECON](#) [ETRD](#) [PREL](#) [NS](#)  
SUBJECT: HOW TO RESOLVE THE LONGSTANDING ISSUE OF  
SURINAMESE DEBT TO THE UNITED STATES

REF: A. A) 07 PARAMARIBO 554  
[B. B\) 06 PARAMARIBO 206](#)  
[C. C\) 05 PARAMARIBO 684](#)  
[D. D\) 05 PARAMARIBO 514](#)

[1. \(SBU\)](#) This is an action message. Please see paragraph 6.

[2. \(SBU\)](#) Summary: By his own account, in recent years Suriname's Central Bank Governor, Andre Telting, has made it a high priority to pay down Suriname's foreign debts through a combination of direct payments and/or successful negotiations for more favorable arrangements with GOS bilateral creditors. With respect to the United States, after years of non-payment the GOS has finally cleared its PL-480 arrears, and now wants to pay down its outstanding GSM-102 debt, starting with outstanding principal and interest, but excluding late payment penalties and interest. Telting continues to press for flexibility from the USG regarding late penalties, and has repeatedly engaged the Ambassador and USDA on this issue. Post recognizes that debt forgiveness is not an option for Suriname. Nevertheless, Post remains convinced that the USG must demonstrate some degree of flexibility, to reward recent good performance and to encourage the Central Bank to continue to place a high priority on paying down its bilateral debt. Consequently, Post requests permission to convey to the GOS sufficient information so that the USG intent to demonstrate "flexibility" is evident, and the benefit to Suriname of rapidly coming to agreement with the USG on an acceptable repayment schedule is clear. End Summary.

[3. \(SBU\)](#) In recent months, and in some cases after years of inaction, Central Bank Governor Andre Telting has made it a priority to pay down Suriname's foreign debts. To achieve this ambitious goal, by his own account Telting has successfully negotiated flexibility, including debt forgiveness, from most of the GOS' major creditors -- except the United States. With respect to its debts to the United States, after years of non-payment the GOS has finally cleared its PL-480 arrears, and now wants to pay down Suriname's outstanding GSM-102 debt, starting with outstanding principal and interest, but excluding late payment penalties and interest. With respect to the latter only, the GOS requests flexibility. The Central Bank Governor has discussed this issue extensively with Ambassador Schreiber Hughes, arguing that Suriname should not be penalized now for debts accrued during a turbulent period in the country's history following the 1982 military coup by strongman Desi Bouterse and the December 7, 1982

assassination of 15 prominent members of the opposition. Essentially, Telting argues that the USG hardline position on repayment violates the spirit of goodwill under which the original loans had been granted.

14. (SBU) Ambassador Schreiber Hughes raised the GOS position during an inter-agency (State, Treasury, and USDA) discussion hosted by EEB/OMA in September, 2007. At that time, it was clear that the USG was unlikely to support debt forgiveness for Suriname and that the inter-agency considered Suriname's GSM-102 late payment penalties and interest to be part of the debt that could not be forgiven. The Ambassador subsequently communicated the inter-agency position to Telting, who nevertheless continued to press the Ambassador, and USDA directly via letters and emails, for flexibility with respect to the late penalties. In a written response dated December 31, 2007, USDA advised Governor Telting that, "because Suriname is not facing a balance of payments or debt sustainability crisis, the United States is unable to provide a ...reduction in the amounts Suriname owes on its defaulted GSM-102 guarantees." Unfortunately, on January 19 that passage was paraphrased in the English language version of "de Ware Tijd," Suriname's daily newspaper-of-record, with the following headline: "USA Thinks Suriname Too Rich To Let Off Debts." Moreover, frequent media reports quote the Central Bank and Finance Ministry as being in "negotiations" with the USG to resolve the bilateral debt issue. (Although inaccurate, the GOS often characterizes as "negotiations" its requests for flexibility on the late penalty payments.)

15. (SBU) Despite Telting's entreaties, Post recognizes that debt forgiveness is not an option for Suriname. Nevertheless, Post remains convinced that the USG must demonstrate some degree of flexibility, to reward recent good performance and to encourage the Central Bank to continue to

place a high priority on paying down its bilateral debt. Post is concerned that publicity surrounding the USG "hard line" posture will discourage continued GOS progress with respect to its bilateral debt to the United States. Post understands that the aforementioned December 31 letter from USDA to Telting, in addition to declaring Suriname "too rich" for debt forgiveness, also states that, "if Suriname would like to propose a repayment schedule, the U.S. Government would carefully consider your proposal and respond in a timely manner," and that this invitation to "propose a repayment schedule" is intended to show USG flexibility in that it allows the GOS to propose a repayment schedule for the full amount of GSM-102 debt due (principal, interest, plus the disputed late penalties), as opposed to demanding immediate payment. However, this hint at USG flexibility, particularly since it also makes clear the USG flat refusal to engage the GOS in its request for flexibility on late penalties, appears too ephemeral to be perceived by the GOS as any flexibility at all. Moreover, the inter-agency has given Post no leeway to share with the GOS any clarifying information with respect to the USG position, including what possible incentives exist (e.g., an improved credit rating) to encourage the GOS to abandon its attempts to "negotiate" for flexibility on late penalty payments and proceed instead to expeditiously propose a repayment schedule with the USG under terms that appear to be dictated by the United States.

6 (SBU) On January 17, Ambassador Schreiber Hughes navigated a cautious path in her conversation with Governor Telting (during which he continued to insist that Suriname should not be penalized with late penalties). The Ambassador could make no stronger case for the inter-agency position than to "strongly urge" Telting to propose a repayment schedule "as soon as possible". Not surprisingly, to date the GOS has proposed no repayment schedule. It is a Post priority to come to resolution on the issue of Suriname's outstanding debt to the United States. To do so, however, Post must have some latitude to share more information, in the form of inter-agency cleared talking points, with the GOS. Post must convey to the GOS sufficient information so that the USG intent to demonstrate "flexibility" is evident, and the benefit to Suriname of rapidly coming to agreement with the

USG on an acceptable repayment schedule is clear.  
SCHREIBER HUGHES